

May 30, 2014

The Honorable Matt Schultz
Secretary of State of Iowa
State Capitol
Des Moines, Iowa 50319

Dear Mr. Secretary:

Senate File 2363, relating to state and local finances by making transfers and appropriations, providing for properly related matters, and including effective date and applicability provisions, is hereby disapproved and transmitted to you in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa.

Senate File 2363 is hereby disapproved on this date.

I am unable to approve Senate File 2363 for the following reasons:

Senate File 2363 attempts to use one-time dollars to pay for special projects and pay down bonds. In total, it contains nearly \$140 million dollars in one-time spending.

Currently, the State of Iowa has a healthy ending balance. However, the most recent state revenue projection, which occurred since the legislature adjourned, shows significant decline in projected revenues. This information was not available to the legislature during the time this legislation was approved. With this new information, it is very important we continue to be prudent with taxpayer dollars.

When I took office in 2011, I proposed a two year budget with a five year projection. My budget is fiscally sound, predictable and sustainable for the long term. Long term budgeting isn't easy and requires very difficult decisions to align projected spending with revenue.

In 2013, the legislature and I made multi-year commitments with the \$4.4 billion property tax cut and education reform that included investing in our teachers and students. These were historic commitments to the people of Iowa and commitments we must keep to Iowa taxpayers, schools

and local governments. Signing this spending bill could jeopardize our ability to fund those commitments in the future.

While there are items in this bill that I support, and in some instances recommended, I cannot sign them into law at this time. As the Chief Executive of this state, it is my responsibility to have a long term vision that maintains stability and predictability in our state's budget. Maintaining the fiscal health of Iowa over the long term is my top budgeting priority.

Iowa is working--we are growing. The growth of jobs and opportunities in our state is due, in part, to a government Iowans can rely on. Our commitments to teachers, students and local communities must be honored and our focus must be on the long term stability so Iowa can continue to flourish. In order to continue growing good paying jobs, we need to make tough choices that ensure a balanced budget today and for the long term.

For the above reasons, I respectfully disapprove of Senate File 2363, in its entirety, in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa.

Sincerely,

TERRY E. BRANSTAD
Governor